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UNCLAS SECTION 01 OF 02 ANKARA 004517

SIPDIS

STATE FOR EUR/SE, PM/RSAT, PM/DTTC AND EB/ODF

E.O. 12958: N/A

TAGS: [MASS](#) [MARR](#) [PREL](#) [EFIN](#) [TU](#) [EXIM](#)

SUBJECT: TURKEY REQUESTS EXIM FACILITY EXTENSION TO SUPPORT SEAHAWK PURCHASE

REF: A. ANKARA 3617

[B](#). ANKARA 2890

SENSITIVE BUT UNCLASSIFIED

[1](#)1. (SBU) SUMMARY: The Turkish Treasury on July 26 submitted a letter of request to EXIM Bank for the extension of an existing \$1.366B facility to finance Turkey's purchase of a second batch of Sikorsky Seahawk Helicopters. Sale of the helos is conditional on extension of the EXIM facility. Turkey's purchase of these helicopters will strengthen its ability to monitor its coastal areas for terrorist and other illegal activity and will more closely tie the Turkish Armed Forces to Sikorsky helicopters. This purchase constitutes a rare bright spot in an increasingly trouble US-Turkish military procurement relationship and was promoted by Prime Minister Erdogan and Defense Minister Gonul during a June visit to Washington. Post strongly supports extension of the EXIM facility to allow the sale to go forward. Please see action request at para. 5. END SUMMARY.

[1](#)2. (U) Turkey's Undersecretariat for Defense Industries (Savunma Sanayi Mustesarligi - SSM) signed a \$390M contract on June 24 for the purchase of 12 Sikorsky Seahawk Helicopters -- with an option to order an additional 5 by 2007, and for the retro-fitting of 7 Seahawks belonging to the Turkish Navy. However, the sale is contingent on the extension of the remaining balance of a 1990 EXIM facility granted in recognition of the strategic cooperation between Turkey and the US following the first Gulf War, and which Turkey used to acquire over 100 helicopters. The facility has been extended twice, once to purchase Blackhawks which Turkey used during its two commands of the International Security Assistance Force (ISAF) in Afghanistan, and again in 2002 for the purchase of these 12 Seahawk helicopters. Negotiations on that sale took several years, resulting in the current need to again extend the facility. Sikorsky representatives report that Turkish Treasury sent a request for the extension to EXIM on July 26. If granted, the Seahawk sale will exhaust the remainder of the facility.

[1](#)3. (U) Purchase of the Seahawks by Turkey will help strengthen the country's ability to monitor its coasts, the Turkish Straits and surrounding seas for terrorist and other illegal activity. Specifically, the addition of these helos will increase Turkey's capabilities to: patrol the Black, Aegean and Mediterranean seas and the Turkish Straight as part of the international Proliferation Security Initiative (PSI); aggressively pursue vessels engaged in illegal trafficking (drugs, weapons, persons) through the Black Sea Harmony; participate in NATO's Operation Active Endeavor (OAE), a post-Sept. 11 anti-terrorism naval activity to hunt down suspect vessels in the Mediterranean, and in Exercise Reliant Mermaid, a joint Turkey/Israel/US navigation safety exercise. These helicopters can also be employed to patrol strategic energy corridors around Ceyhan, the terminus of the Baku-Tbilisi-Ceyhan and Kirkuk-Ceyhan pipelines.

[1](#)4. (SBU) From a defense cooperation standpoint, Turkey's purchase of the Seahawks would serve to further entrench US firms in the Turkish market. Turkey's cancellation of three major tenders in 2004, Lockheed Martin's difficulties negotiating an F-16 upgrade package signed in April, Boeing's problems negotiating the Critical Design Review (CDR) for its Airborne Early Warning and Control (AEW&C) system in Turkey and the extremely onerous terms and conditions in the attack helicopter tender issued in February (ref c), have combined to alienate many US defense firms from Turkey. Recognizing the importance of the sale to the defense relationship, PM Erdogan signed an MOU committing Turkey to the deal before heading to Washington for his meeting with President Bush in early June, then subsequently toured the Sikorsky factory in Connecticut. A major Seahawk purchase by Turkey would further tie the Turkish Armed Forces to Sikorsky products and may have a bearing on Sikorsky's standing in the competition for a tender issued in July for the purchase of 52 helicopters for Turkey's Forestry Service. (Note: Sikorsky is the only American company to express interest in this competition. End note.) Sikorsky has also indicated its interest in participating in a utility helicopter tender expected to be issued in the coming months.

[1](#)5. (SBU) Comment: The Sikorsky sale comes at a critical time

in the US/Turkish defense cooperation relationship. SSM has made clear that the sale is contingent on the EXIM facility extension. The success of this deal could have a positive impact on Sikorsky's future participation in the market and may positively influence other US firms to remain in the market. Post strongly supports this sale and requests the Department to weigh in with EXIM in favor of extending the facility to cover the transaction. End Comment.
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